

**ASSEMBLY BILL**

**No. 2103**

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**Introduced by Assembly Member Plescia**

February 19, 2008

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An act to amend Section 19605.75 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2103, as introduced, Plescia. Horse racing: thoroughbred racing: workers' compensation.

Existing law, operative until January 1, 2009, provides that every thoroughbred association and fair that conducts a racing meet shall deduct a percentage of the total amount handled in exotic parimutuel pools of thoroughbred races, which shall be distributed to a thoroughbred racing association to defray costs of workers' compensation insurance in connection with thoroughbred horses that race in this state, as specified. Existing law provides that any funds that are not used to defray the cost of workers' compensation insurance shall either be carried forward to the subsequent year or used to reimburse racing associations for safety-related expenditures, as specified.

This bill would extend the operation of these provisions until January 1, 2014. The bill would also make conforming and technical, nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 19605.75 of the Business and Professions  
2     Code is amended to read:

3     19605.75. (a) The Legislature finds and declares that the  
4     existence of high caliber thoroughbred racing in California is  
5     important to this state's agricultural economy. The California horse  
6     racing industry is being threatened by the escalating costs of doing  
7     business in California, including, but not limited to, workers'  
8     compensation insurance costs, in that these costs are not only  
9     causing thoroughbred horses and trainers to leave this state, but  
10    are also discouraging owners and trainers from bringing horses  
11    into this state to compete. It is the intent of the Legislature to  
12    provide some relief from these escalating costs through the  
13    redistribution of the parimutuel handle on exotic wagers.

14    (b) Notwithstanding Section 19610, every thoroughbred  
15    association and fair that conducts a racing meet shall deduct an  
16    additional 0.5 percent of the total amount handled in exotic  
17    parimutuel pools of thoroughbred races.

18    (c) The funds collected pursuant to subdivision (b) from exotic  
19    parimutuel pools on thoroughbred races within the inclosure of a  
20    thoroughbred association or fair conducting a race meeting, at  
21    satellite wagering facilities within this state, and through advance  
22    deposit wagering by residents of this state, shall be distributed to  
23    the organization described in subdivision (f) to be used in  
24    accordance with subdivision (e).

25    (d) Any thoroughbred association or fair that authorizes a betting  
26    system located outside of this state to accept exotic wagers on its  
27    races and to combine those wagers in the association's or fair's  
28    exotic parimutuel pools, including, but not limited to, a  
29    multijurisdictional wagering hub as to exotic wagers made by  
30    residents other than those of this state, shall deduct the amount  
31    specified in subdivision (b) in addition to any other applicable  
32    deductions specified in law. The amount deducted pursuant to this  
33    subdivision shall be distributed to the organization described in  
34    subdivision (f) to be used in accordance with subdivision (e). This  
35    additional deduction shall not be included in the amount on which  
36    license fees are determined pursuant to Section 19602.

37    (e) The amounts distributed to the organization described in  
38    subdivision (f) shall be deposited by that organization in a separate

1 account to defray the costs of workers' compensation insurance  
2 incurred in connection with thoroughbred horses that race in this  
3 state at thoroughbred associations and racing fairs through the  
4 payment of supplemental premiums that reduce rates, payment to  
5 or for the benefit of trainers and owners of such thoroughbreds,  
6 based on the number of such thoroughbreds they start, in order to  
7 reimburse them for the costs of workers' compensation insurance  
8 directly or indirectly incurred by them, and other appropriate  
9 payments. Any funds that are not used for the purposes set forth  
10 in this subdivision shall, after an affirmative vote of at least 25 of  
11 the voting interests of the organization described in subdivision  
12 (f), either be carried forward to the subsequent year, or be used to  
13 reimburse racing associations for the actual cost of health and  
14 safety programs, research or safety equipment, or making capital  
15 improvements that are designed to prevent workplace accidents  
16 and increase the safety of jockeys, exercise riders, backstretch  
17 employees, and other racetrack personnel. Those capital  
18 improvements shall include, but not be limited to, safety  
19 improvements to racing and training surfaces. All requests for  
20 reimbursements shall be approved by the board. In developing  
21 proposals for approval by the board, the association shall confer  
22 with their horsemen's organizations and all affected labor  
23 organizations or associations.

24 (f) The thoroughbred racing associations and the owners'  
25 organization described in subdivision (b) of Section 19613 shall  
26 form an organization to which funds shall be distributed pursuant  
27 to subdivisions (c) and (d). This organization shall have a total of  
28 34 voting interests, of which 16 shall be allocated to the  
29 organization representing thoroughbred owners pursuant to Section  
30 19613, one shall be allocated to the official registering agency for  
31 thoroughbreds in California, and one shall be allocated to the  
32 organization representing thoroughbred trainers pursuant to Section  
33 19613. The remaining 16 votes shall be allocated among the  
34 licensed racing associations and racing fairs in the state. Each  
35 racing association and fair shall receive the portion of these  
36 remaining votes represented by the sum of exotic wagering on its  
37 races divided by the statewide total of exotic wagering in the  
38 preceding calendar year, excluding Breeders Cup races. Fractional  
39 voting shall be permitted. Any decision of this organization with  
40 respect to the allocation of funds pursuant to subdivisions (c) and

(d) shall require the affirmative vote of 25 of these voting interests. In the event that the required number of affirmative votes cannot be obtained, the matter shall be submitted to the ~~California Horse Racing Board~~ *board* for a decision consistent with subdivision (e), and the decision of the board shall be final.

(g) (1) The organization formed pursuant to this section shall account annually to the ~~California Horse Racing Board~~ *board* with respect to the expenditure and distribution of funds received by the organization pursuant to subdivisions (c) and (d), and shall obtain an independent audit of fund generation and distribution. A copy of the completed audit shall be forwarded to the ~~California Horse Racing Board~~ *board* within 45 days of its receipt by the organization.

(2) No earlier than 18 months and no later than two years following the effective date of this section, the organization described in subdivision (f) shall commission an independent evaluation of the effectiveness of the distributions under this section along with recommendations for any improvements or modifications regarding the program created in this section. A copy of that evaluation along with a report detailing the organization's response to the evaluation shall be filed with the ~~California Horse Racing Board~~ *board* within 30 days of the receipt of the final evaluation.

(h) Between January 1, ~~2009~~ *2014*, and July 1, ~~2009~~ *2014*, any unexpended funds collected under this section shall be distributed to organizations formed and operated pursuant to Sections 19607 and 19607.2 based upon the total thoroughbred handle in their respective zones in the year 2008.

(i) Except for subdivision (h), this section shall become inoperative on January 1, ~~2009~~ *2014*, and as of January 1, ~~2010~~ *2015*, this entire section is repealed, unless a later enacted statute, that is enacted before January 1, ~~2010~~ *2015*, deletes or extends that date.